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CURRENT INTELLIGENCE WEEKLY SUMMARY



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WEEKLY REVIEW

EAST-WEST RELATIONS

Following the announcement on 30 August on the resumption of Soviet nuclear tests, Khrushchev carried forward his intimidation tactics designed to raise the level of fear and anxiety throughout the world and to impress the West with his determination to bring about a change in the status of West Berlin, regardless of the risks involved. The USSR promptly initiated a series of nuclear tests and announced on 1 September that military exercises involving the "actual use of various types of modern weapons will be held by the Northern Fleet, jointly with the Rocket Troops and the air force in the Barents and Kara Seas in September-October 1961."

It is probable that these exercises will include nuclear weapons tests. The danger zone delineated in the announcement is virtually identical with similar zones established for nuclear weapons tests held in the Novaya Zemlya area prior to the test moratorium in 1958.

The strong political motivation for the timing of the USSR's resumption of testing was reflected in Khrushchev's remarks on 31 August to two left-wing members of the British Labor party. He said he felt it was only by invoking the threat of Soviet nuclear strength that the Western governments could be compelled to enter negotiations on Germany and disarmament. He said he

recognized this decision would cause widespread alarm but that he had "had enough," and was "going to do something about it." "We are not going to go on with the present situation," he said.

Soviet propaganda has been marked by a strong defensive flavor. Moscow accused the US of attempting to "distort" the "forced nature" of the Soviet test resumption and charged that the US is seeking to place responsibility on the USSR for world tensions produced by the "war psychosis" in the US and the "unrestrained" armaments race being pursued by Washington.

Khrushchev's greeting on 1 September to the Belgrade conference of nonaligned nations sought to blame the "alarming" international situation on the "increasingly active forces of aggression and revenge whose actions now differ little from 20 years ago"--on the eve of World War II. He reaffirmed the USSR's devotion to peaceful cooperation and coexistence but concluded with the statement that "peace-loving states cannot but take measures to extinguish the remaining sources of war danger and curb the forces of aggression and revenge."

Soviet media have reported rallies throughout the USSR endorsing Moscow's recent measures "to ensure international

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security." Izvestia claimed these measures are also welcomed by peoples of the "socialist camp," but no serious attempt has been made to show support within free world countries.

US-UK Proposal on Testing

Although the Soviet Government has not yet formally responded to the proposal of President Kennedy and Prime Minister Macmillan on 4 September for halting all atmospheric tests, Moscow radio quoted Soviet delegate Tsarapkin at the Geneva nuclear talks as saying the proposal contains "nothing new" and is aimed at legalizing underground and "other tests." At the 1 September session at Geneva, Tsarapkin read the Soviet test resumption statement into the record and said it constituted an adequate reply to statements by the Western delegates, including the joint US-UK proposal on atmospheric tests.

Berlin

The Soviet notes of 2 September again challenging Western rights to unrestricted air access to West Berlin contained no indications of any imminent moves by the East Germans to harass or restrict West German civilian travel to Berlin via the air corridors. In addition to maintaining constant pressure on this issue, the Soviet notes appear to be part of Moscow's continuing effort to strengthen its negotiating position on the question of Western access rights in any future negotiations and to defend its contention that the West will have to negotiate new access arrangements with East Germany after the conclusion of a peace treaty. (See next article.)

US "Spying"

Moscow sought to support charges of Western abuse of the "occupation regime" in West Berlin by announcing that an American citizen, Marvin W. Makinen, had been convicted on an espionage charge. The Soviet Foreign Ministry informed the US Embassy on 4 September that Makinen had been apprehended at Kiev on 27 July photographing an "important military object." He charged that Makinen gave evidence he had received an assignment from American intelligence agents in West Berlin.

Izvestia reported on 5 September that Makinen had been sentenced by a Kiev military district tribunal to eight years' deprivation of freedom for espionage. The article concluded with a lengthy elaboration of the theme that Makinen's activity proves that West Berlin is a spy center.

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The Communists have continued their threats against the use of the Berlin air corridors by Western commercial carriers, charging them again with transporting West German "militarists" and "revanchists" to West Berlin. While the campaign was timed to coincide with the 1-3 September Homeland Day celebrations in West Berlin by expellees from former German territories in Poland and Czechoslovakia, recent statements lay the groundwork for future interference with commercial air traffic, in an effort to intimidate the Western carriers to suspend their flights or accept East German authority over the corridors. As in the past, the propaganda is directed against the general target of West Germany's ties with West Berlin and forms part of the bloc's effort to further a sense of isolation and helplessness among West Berliners.

The USSR addressed notes on 2 September to the three Western powers in which it recapitulated the position taken in its earlier notes of 23 August that there is no legal basis for the operation of commercial aircraft in the postwar quadripartite agreements relating to Berlin and that the corridors were set up only to supply the needs of the Allied garrisons in Berlin. The notes warned that the Western Allies will be held responsible for any consequences of "provocative activity" carried out by the West German Government in West Berlin.

On 5 September, the Soviet Commandant in Berlin, General Solovyev, visited US Commandant Watson to deliver a reply to the Western protest against the sealing off of the Berlin sector border. Solovyev charged that West Berlin "rowdies" had interfered with Soviet officials

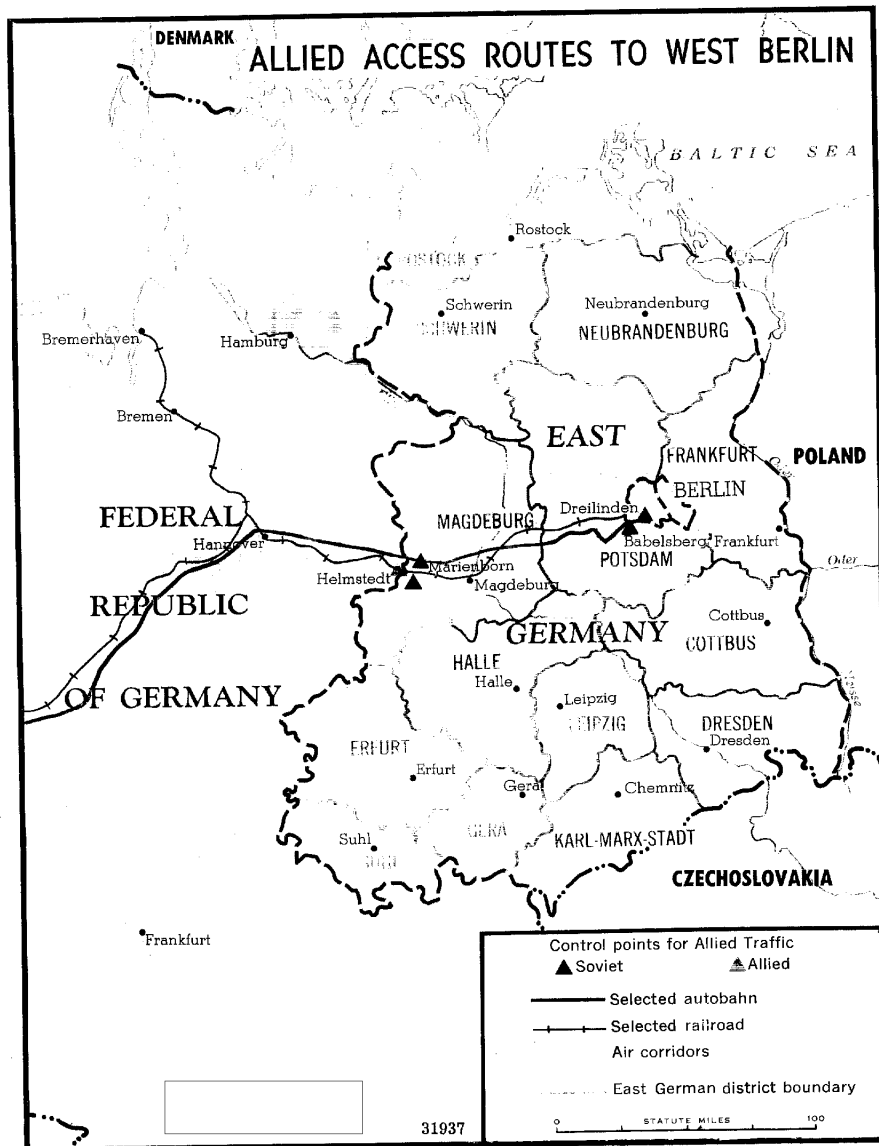
on duty in West Berlin, notably Soviet controllers in the Berlin Air Safety Center (BASC). He warned that further such interference might affect BASC operations, implying the Soviets might end their participation. The day before Solovyev met Watson, the East German news agency carried what purported to be the gist of the Soviet commandant's remarks; it was couched in very insulting language and bluntly threatened a walkout from BASC. The US Mission in Berlin reported that Solovyev's remarks followed the broad lines of the East German release but in essentially different tones. Solovyev had no explanation for the premature release of his statement or the insulting character given it.

East German spokesmen have gone out of their way to reaffirm the regime's intention to abide by the terms of the Soviet - East German agreement of 20 September 1955 under which the USSR retained control of Western Allied access to West Berlin. The regime, however, has recently hinted at some qualification of this position.

On 31 August, East Germany delivered two notes, each dated 26 August, to the US Embassy in Prague through the Czechoslovak Foreign Ministry, charging the US with misuse of the air corridors and of its ground access rights between West Germany and West Berlin. The notes in general restate the charges made by Walter Ulbricht in his 25 August speech in which he insisted that the East German regime has a legal right to control non-military traffic over its territory and will eventually demand control over all traffic to Berlin.

The second note specifically protested the reinforcement of the US Berlin garrison on 20 August and declared that the regime would

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****ALLIED ACCESS ROUTES TO WEST BERLIN**

1. Helmstedt-Berlin autobahn
2. Helmstedt-Berlin railroad
3. Three air corridors

NOTE: Personnel of allied military liaison missions accredited to the commander-in-chief of Soviet forces in East Germany may cross East Germany on other land routes, but all other allied personnel as well as supplies for allied garrisons in West Berlin may use only the routes listed.

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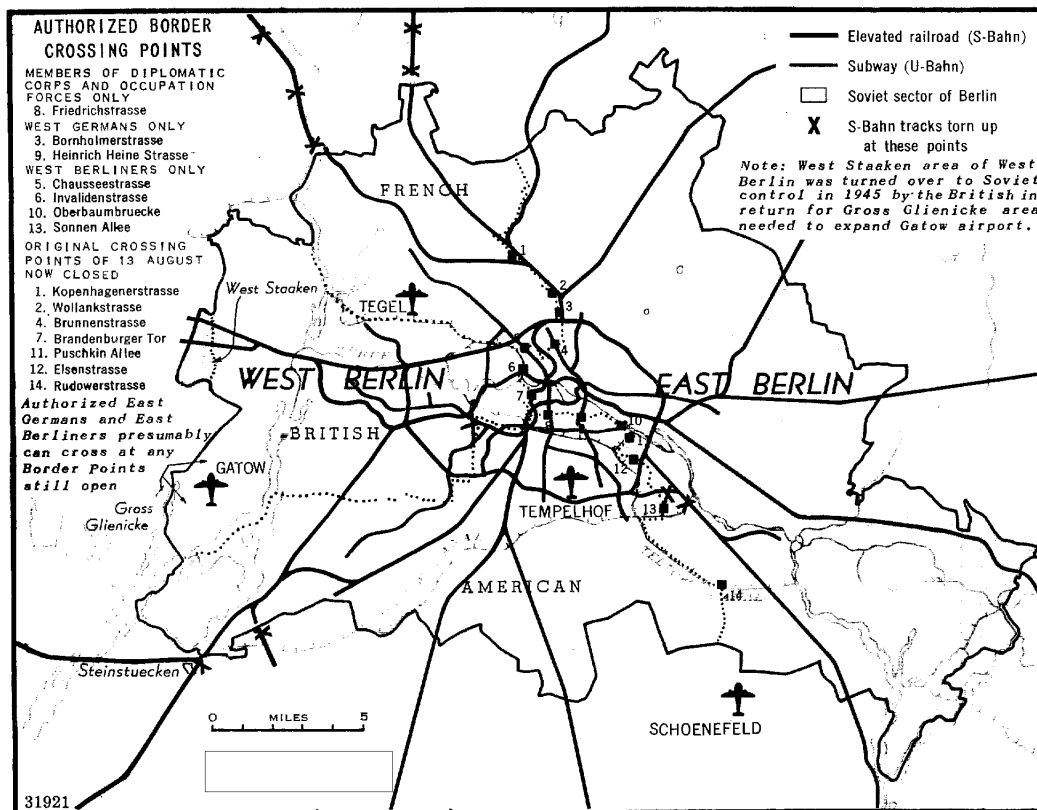
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abide by the terms of the 1955 agreement only as long as these lines of communication are not used for purposes "diametrically opposed" to the postwar agreements. The note charged that the reinforcement of an occupation garrison, "at a time when

crew, presumably summoned by the police, then appeared and took the train through to Berlin. Three days earlier, the US train had been held up when the engineer defected.

On 3 September, however, East German customs police at



it is necessary to abolish occupation regimes," is such a violation.

The East Germans have not yet attempted any serious interference with Western Allied access to West Berlin from West Germany. On 4 September the US military train from Bremerhaven to Berlin was delayed at Brandenburg by East German police, who removed the crew--allegedly for running through a red signal light in the fog. A substitute

the Marienborn checkpoint on the Berlin autobahn attempted, unsuccessfully, to examine the passports of three State Department employees en route to Berlin on official business. On the return trip, the East Germans again attempted to exercise control. This time, a Soviet officer, summoned on the demand of the Americans, waved them on, after commenting that they should have shown their passports to the East Germans.

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East German "Frontiers"

The regime has taken a further step to convert the sector border between East and West Berlin into a state frontier: by establishing a central customs control station at the Friedrichstrasse crossing point. A West German press service reports that East Germany has quietly introduced a customs duty on all parcels from West Berlin and West Germany to East Germany. No duty had been levied on such articles in the past.

On 2 and 3 September, East German police built a barbed-wire fence along both sides of the road leading through East Germany from West Berlin to Steinstuecken, an exclave of the US sector of Berlin. While the measures may have been taken simply to cut off refugee escapes through Steinstuecken to the Western sectors, it may be a further step toward the absorption of the exclave into the surrounding East German territory or, alternatively, in East Berlin. West Berlin police have reported that two Steinstuecken residents were arrested for helping refugees reach West Berlin.

In an effort to improve security along the East-West German frontier, the regime has resorted to frequent helicopter surveillance. US military officials report that there has been a marked increase in border violations by Soviet-type helicopters along the frontier. There were seven such violations on 28 August, ten on 29 August, and four between 1 and 3 September.

Pressures on East Germans

The Ulbricht regime, confident of its control over the population, is resorting to

hard-line domestic policies in an effort to silence opposition and increase production. Industrial workers clearly will no longer be handled with the great care previously accorded them. A top planning official--politburo member Bruno Leuschner--recently revealed that the party politburo has sharply criticized the trade union leadership for slackness toward "the class enemy," neglect of the struggle against work slowdowns, and general political and economic weakness. This suggests that harsher provisions for payment and work hours may soon be introduced in an effort to overcome, as far as possible, manpower losses stemming from the refugee flow prior to the sealing off of West Berlin. West German statistics show that more than 184,000 persons fled from East Germany during the first eight months of 1961, compared with just under 200,000 in the whole of 1960.

Leuschner revealed that industrial production during the first six months of 1961 had slumped slightly below the comparable period in 1960, although there was wide variation from sector to sector. Steel and coal apparently came close to plan fulfillment, while the production plan for chemicals was overfulfilled. Shortfalls were chiefly in the key machinery and equipment industries and in construction. Leuschner did not specify what measures are being planned to strengthen controls over labor and management, but he noted that industrial wages paid in the first six months had amounted to 49 percent of the annual plan figure, whereas production had been only 45 percent of plan. The regime probably will put into effect some changes in the work norms and the wage structure; such measures are already authorized by the labor code, which went into effect on 1 July.

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Leuschner also noted that the Economic Council is drawing up specific proposals to eliminate weakness in the union organization. This suggests that Alfred Neumann, who was appointed to head this council in early July, and Karl Mewis, named chief of the State Planning Commission at the same time, may have clashed with long-time trade union chairman Herbert Warnke on the feasibility of speed-up measures to overcome production problems. Widespread shake-ups throughout the union structures are probably in prospect.

Under these pressures, the East German population appears to be tense and uneasy. At the Hennigsdorf locomotive plant north of Berlin, the regime reportedly has arrested at least six engineers after a succession of incidents beginning in early June. Potsdam District party leaders are reported to have been censured for permitting unrest in the plant. A show trial intended to connect worker unrest and alleged American activities in West Berlin is said to be in the making.

The Church

The regime has made new moves to split the Evangelical Church in East Germany from its leaders in West Berlin and West Germany. On 30 August, the East Berlin police president ordered Dr. Kurt Scharf, chairman of the All-German Evangelical Church synod and a resident of East Berlin, to cancel a synod meeting scheduled for the following day. At the same time, East German churchmen were forbidden to attend a synod meeting in West Berlin.

The regime followed up with a move to expel Dr. Scharf from East Berlin, on grounds that he had retained his West Berlin identity card, had protested against the sealing off

of West Berlin, and belonged to "an organization inimical to peace." The regime also refused to permit the provincial Berlin-Brandenburg synod to meet on 2 September to elect a successor to Bishop Otto Dibelius.

By these moves, the regime has effectively split the church into Eastern and Western halves. It may soon attempt to institute an East German "national" Evangelical Church.

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West Berlin and West Germany

The US Mission characterizes the feelings of West Berliners as a combination of grim resolve to hang on and nervousness over where the next blow will fall. They find it especially difficult to adjust to the loss of the city's long-standing "special mission" in the East-West struggle--i.e., its role of "escape hatch," show window to the East, and meeting place of Germans from East and West. As alternatives, West Berlin leaders have already begun to stress further economic progress and development of West Berlin as a center of science and education. The mission doubts, however, whether in the long run any of the younger West Berliners will be able to resist the appeal of a "less complicated" life in West Germany.

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The Homeland Day rally was uneventful, with no interference from the East German regime. East Germany used similar meetings a year ago as a pretext for imposing restrictions on West German civilian access to West Berlin. West German Transport Minister Seehofer visited West Berlin and returned to Bonn on 2 September without incident, despite East German threats of "demonstrations" against his flight into Berlin on a Western commercial aircraft.

According to the West German newspaper Die Welt, only 300 West German firms have exhibits at the East German Leipzig Trade Fair from 3 to 10 September, as compared with 815 last year. Many large West German firms which had been represented for many years are conspicuously absent.

Bonn Foreign Ministry officials told US representatives in Bonn on 2 September that Chancellor Adenauer is still reluctant to take new military measures--such as holding German conscripts three months beyond their scheduled 12-month service--until after the elections on 17 September. Adenauer fears that such moves at this time would be inconsistent with his campaign emphasis on the need for "prudence and calmness."

French Moves

De Gaulle, both privately and in his press conference on 5 September, has re-emphasized the French stand that it would be a grave mistake for the West to seek negotiations with the USSR on Berlin in the face of present Soviet threats and pressure. He said firmness and force, if necessary, were the best way to preserve peace, and that negotiations would be possible only if the USSR stopped its threats and helped to bring about a general detente.

In a talk with Ambassador Gavin on 4 September, Armed Forces Minister Messmer said the first regiment of the 7th Light Armored Division had already landed in France from Algeria and the entire division should be back by mid-September. This is the second division to be transferred from Algeria to eastern France, but like the 11th Infantry Division, which was moved in July, it will not initially be assigned to the First French Army in Germany. According to Messmer, Paris also is moving a tank regiment from the Paris region to eastern France and will add 10,000 troops to the First Army, bringing it to full combat readiness with a strength of about 63,000.

Messmer also said France plans to strengthen its air defense capabilities by the purchase of 17 additional F-100s. The first Mirage IIIs--a high-performance jet interceptor--are already being phased into operational units at Dijon, which will initially have 28 of these aircraft.

Commenting on the problems involved in this buildup, Messmer said that although the troops back from Algeria are of fine quality, much of their equipment is too light for Continental warfare. He said a program to replace the lighter equipment is continuing with high priority. Opposition within the French military establishment to the withdrawal of forces from Algeria, particularly in view of reports that the Algerian rebels plan stepped-up military activity in Algeria, also poses a problem for the government.

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BRAZIL

Opposition from Brazilian armed forces leaders to Joao Goulart's inauguration as president gave way on 3 September after a constitutional amendment had restricted the presidential power. The constitutional amendment of 2 September is described by the US Embassy as "hastily and in some instances vaguely drawn." The embassy "anticipates considerable controversy regarding interpretation and difficulty in execution."

Executive power is vested in a prime minister, who must be approved by an absolute majority of the Chamber of Deputies. The chamber can vote no confidence in the cabinet by an absolute majority and force a dissolution of the chamber and new elections within 90 days by three consecutive no-confidence votes. Goulart is named first president, to serve until 31 January 1966. A national referendum may, on congressional authorization, be held nine months before this date to determine whether the parliamentary form of government is to be retained.

Inclusion in the amendment of a provision changing all state governments to parliamentary form--when the terms of the present governors expire--suggests that the door will be opened early to changes in the amendment. Gubernatorial elections are scheduled for 1962 in about half of Brazil's states, including such key states as Rio Grande do Sul and Pernambuco. Governors in most cases have long been the most powerful figures in their states, and political leaders are unlikely to permit such a change in the state governments. Goulart's supporters may take advantage of initial changes in the amendment to push for a restoration of some presidential powers.

The effectiveness of the change in Brazil's form of government will probably depend on the composition of the cabinet and Goulart's relations with the new prime minister. The cabinet posts may be divided among three major parties--the Social Democratic party, which was the administration party from the overthrow of the Vargas dictatorship in 1945 until Quadros came to power; the National Democratic Union, which backed Quadros; and Goulart's Labor party.

The working out of parliamentary government is likely to be hampered by Goulart, who probably plans enlargement of his powers, at first through political maneuvering and later through new congressional action. Goulart's success in Brazilian politics thus far has appeared to depend more on his command of practical politics than on personal magnetism.

In 1957, for instance, dissident party leader Fernando Ferrari asserted that it was high time the party ceased being merely the remnants of Vargas' personal following--"basking in the dead leader's reflected glory"--and pursuing an opportunistic course of political action. Goulart agreed that Ferrari's suggestions for more emphasis on socialism and ultra-nationalism would appeal to the electorate and did not attack his movement directly. Instead, Goulart postponed an impending party convention for three months, requested Ferrari to draft a new party platform, and set about shaking up regional organizations whose loyalties were in doubt. Thus, Ferrari arrived at the convention with a draft platform while Goulart appeared with the votes.

Goulart has worked with the outlawed Communist party for

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many years and accepted Communist support for his election as vice president in both 1955 and 1960. Acceptance of such support is not unusual in Brazil, but the Communist party has appeared more unequivocal than usual in its support of Goulart, and Goulart's party has been more closely linked with the Communists than has any other major Brazilian party.

In September 1958, for instance, alarm in Brazil over ties between the Communists and the Labor party reached major proportions. Speaking to the press in Recife--where Communists are traditionally strong--Goulart stated that there were no formal ties and that the collaboration which obviously existed between the two parties was "nothing more than a union of popular forces." He observed that there was an ideological identity of the two parties in certain sectors, stating that the Communists "defend better standards of living for the workers, a nationalist policy in the exploitation of our resources, and other items which are also included in our own program." He concluded that "there is nothing more just than that we should travel together in the defense of these ideals."

Some days later Communist party Secretary General Prestes publicly indicated that he thought highly of Goulart as a presidential candidate. Reaction in Brazil to the Communist-Labor party alliance quickly became so pronounced that Gou-

lart withdrew for a time from the close open association.

Political figures in neighboring countries view the military's intervention in the Brazilian political scene with an eye to their own situations. A diplomatic gathering in Peru during the crisis agreed that events in Brazil were likely to have a decisive impact on Peru's presidential election in 1962 and that, if the will of the military won out in Brazil, the chances for a democratic election in Peru would be much reduced. In Venezuela, leftist elements pointed to the danger --"particularly in Venezuela"--of a successful military coup in Brazil. Reports from Bolivia indicated that President Paz was giving more serious consideration than before to using the army in his struggle with labor leaders of the extreme left.

President Frondizi--apparently fearing to arouse the Argentine armed forces--avoided contact with the leftist Goulart when he passed through Buenos Aires. The American ambassador in Argentina noted on 5 September that the Brazilian drama seemed likely to encourage Frondizi to assume a position of hemisphere leadership and that the Argentines were likely to make an all-out effort to take advantage of Argentina's improved status--because of the disorderly and chaotic nature of Brazil's change in government--in world and especially US public opinion and before prospective investors.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****NONALIGNED CONFERENCE**

Five days of speeches and closed-door bargaining culminated on 6 September with the publication of two documents summing up the views and proposals of the participants in the 28-nation nonaligned summit meeting in Belgrade. The first of these was an appeal to the US and the USSR for renewed East-West negotiations. This public statement parallels the appeal for peace sent by the conference to both Washington and Moscow. Nehru and Nkrumah, who arrived in Moscow on 6 September, will discuss this appeal with Khrushchev, while Sukarno and President Keita of Mali will hold discussions on the same subject in Washington beginning on 12 September.

The second document--in effect the communiqué--achieved unanimous support only after recriminations and hard bargaining among the leaders and their deputies in extended evening sessions on both 4 and 5 September. It is a compromise between those--like Nehru and U Nu--who were determined to focus the conference's attention on the great problems of war or peace, and those--like

Sukarno and Nkrumah--who wanted the conference's blessing for regional, anticolonial, and anti-Western grievances. Tito attempted to get the delegations to endorse pro-Soviet positions but was thwarted by those who wished, for the time being at least, to maintain flexible positions from which they might attempt mediation between East and West.

Thus the document urges disarmament, but with inspection and controls; peaceful use of outer space; a peaceful but unspecified settlement of the German problem; a resumption of the nuclear test ban moratorium and negotiations on a test ban; and the right of every nation to "unity, self-determination, and independence." At the same time, it supports movements for independence, especially in Angola and Algeria, calls for the evacuation of such foreign military bases as Guantanamo and Bizerte, decries discrimination against racial and minority groups, calls for the removal of economic inequalities "inherited from imperialism," and repeats the familiar Afro-Asian criticisms of

NONALIGNED NATIONS' SUMMIT MEETING

(BELGRADE 1-6 SEPTEMBER 1961)

Original 20 Countries:

*Afghanistan
*Burma
*Cambodia
*Ceylon
Cuba
*Ethiopia
*Ghana
Guinea
*India
*Indonesia
*Iraq
Mali
Morocco
*Nepal
*Saudi Arabia
Somali Republic
*Sudan
*UAR
Yemen
Yugoslavia

Participants:

Prime Minister Daud
Prime Minister U Nu
Chief of State Sihanouk
Prime Minister Bandaranaike
Pres. Dorticos
Emperor Haile Selassie
Pres. Nkrumah
Foreign Minister Beavogui
Prime Minister Nehru
Pres. Sukarno
Foreign Minister Jawad
Pres. Keita
King Hassan II
King Mahendra
Foreign Minister Suwayyil
Pres. Aden
Pres. Abboud
Pres. Nasser
UN Ambassador Hassan
Pres. Tito

Additional Countries:

Bolivia
Brazil
Congo
Cyprus
Ecuador
*Lebanon
Provisional Algerian Govt.
Tunisia
Observer**
Observer**
Adoula and Gizenga
Pres. Makarios
Observer**
Prime Minister Salam
Prime Minister Ben Khedda
Pres. Bourguiba

*Attended Bandung Conference in 1955;
Ghana was then Gold Coast and the UAR
was then Egypt and Syria.

*Bolivian, Brazilian, and Ecuadorean
observer status is official, based on
invitation. Unofficial observers have
apparently arrived from several other
countries as well as foreign political
parties.

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Western imperialism and colonialism.

The document is considerably more moderate in most respects than the public statements made by the participants during the conference. The conferees urge reorganization of the UN to take account of the changes in that body's composition since 1945, but no one accepted the Soviet "troika" proposals. In addition, the communiqué called for a UN seat for Communist China, but only in behalf of those participants who already recognize the Peiping regime.

The conference outcome thus represents a qualified victory for the coalition of moderates led by Nehru and U Nu, who were joined on specific issues by others who saw in a general principle involved a direct application to their own national or personal interest. The difficulties in obtaining agreement and the specific disavowal of any intent to formalize a "third force" demonstrate again the considerable disparity of interest and outlook among the nonaligned nations.

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LAOS

There appear to be no prospects of early formation of a coalition government comprising the Souvanna Phouma group, the Pathet Lao, and the Boun Oum government. No progress was made at Namone during the week, and a renewed attempt, apparently initiated by Souvanna, to convene another meeting of the three princes has faltered as a result of the chronic inability of the three sides to agree on a site.

General Phoumi, speaking for the Boun Oum side, has rejected Souvanna's proposal that Souvanna, Souphannouvong, and Boun Oum meet either at Namone or at Xieng Khouang. Phoumi again proposed that the three princes meet in Luang Prabang, a suggestion likely to be rejected by Souphannouvong on the grounds that his personal safety would be in jeopardy in the royal capital, as the city is controlled by Vientiane government troops. Phoumi meanwhile has decided to strengthen the government delegation at the Namone talks. Even so, there seems little prospect that the three sides will get down to serious negotiations there.

Enemy forces in Xieng Khouang Province have stepped up efforts to eliminate Meo positions scattered along the strategic ridges and heights of the province. A Meo force in

the northeastern part of the province was forced to fall back to alternate positions after having been under attack for several days by an estimated two battalions.

Several other Meo positions northeast of the Plaine des Jarres are reportedly threatened by a combined Pathet Lao - North Vietnamese force estimated at 500 men. The Meos had been harassing enemy vehicular traffic along Route 7.

Elsewhere in the country, government forces seem to be the more aggressive. Several security sweep operations are in progress, the most important being conducted north of Luang Prabang; the government has reoccupied one post and is pressing toward Muong Sai, where a Pathet Lao force is believed to be strongly entrenched.

The intensified military tempo is mirrored in the more truculent tone of Pathet Lao propaganda. Peiping, for example, broadcast a Pathet Lao statement on 2 September which charged that the US was instigating a new civil war crisis by encouraging government military provocations, and warned that the "enemy would do well not to forget the lessons taught it a few months ago."

The Geneva conference continues to draft documents on the

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powers and terms of reference for the International Control Commission (ICC) in Laos. However, the number of articles to which the Communists have raised objections and which have consequently been set aside for later consideration makes early agreement on a completed document unlikely. The absence of a unified Lao delegation--which would be able to support the bloc's contention that the ICC can operate only "in agreement

with the Lao government"--also makes early acceptance of a final conference draft doubtful. The bloc has strenuously objected to any sweeping investigatory powers for the ICC and has categorically rejected the West's demand that the commission decide all questions by a simple majority vote, maintaining that all decisions except purely procedural matters should be reached by unanimous approval.

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CONGO

Joint efforts by Premier Adoula and the UN to unite the Congo under the new central government showed some progress in Orientale Province, where Gizenga was finally induced to leave his Stanleyville stronghold for Belgrade. In Katanga, however, the UN's effort to force the province's reintegration with the Congo appears stalled, while the security situation in Elisabethville has deteriorated. Despite the UN pressure, Tshombé persists in his refusal to negotiate with Adoula "under duress."

After a long period of vacillation, Gizenga on 3 September yielded to the urgings of associates and of foreign diplomats in Stanleyville that he accompany Adoula to the conference of nonaligned nations. Gizenga's acceptance of a subordinate role to Adoula at Belgrade, following the USSR's recognition of Adoula on 30 August, appears to preclude his reestablishing himself as an independent force in Orientale. Certain of his followers, however, have proclaimed a new "Lumumbist" party and may hope to succeed to some of the financial support which has been accorded Gizenga by the radical African states.

In Elisabethville, relations between UN representative O'Brien and Katanga President Tshombé reached a low point following the UN roundup of Tshombé's Belgian officers on 28-30 August. On 1 September O'Brien "broke relations" with the Katanga government, following Tshombé's refusal to suspend from office Interior Minister Munongo. O'Brien had accused Munongo of masterminding an assassination plot directed against key UN officials. O'Brien "resumed relations" the following day, however.

UN pressure against Tshombé was accompanied by a worsening of the situation with respect to Baluba refugees in Katanga. Depredations in northern Katanga by anti-Tshombé Baluba tribesmen had prompted Tshombé to jail

large numbers of Elisabethville Balubas, as well as to launch punitive operations in the north which were generally opposed by the UN. O'Brien, noting the presence of up to 15,000 Baluba refugees in southern Katanga, denounced Tshombé's treatment of the Balubas. Tshombé, however, gave assurances on 2 September that refugees desiring to return to work would not be molested and promised to investigate reports of their mistreatment.

The verbal warfare between O'Brien and Tshombé has increased tension in Elisabethville. On 2 September, Belgian, British, French, and Portuguese diplomats in Elisabethville made a joint approach to O'Brien, asking what plans the UN had made for the protection of the European community. O'Brien characterized the diplomats as strongly opposed to recent UN actions and anxious to dissociate themselves. The US Consulate believes the joint approach was motivated less by concern over security than by a desire to demonstrate support for Tshombé's resistance to O'Brien.

The danger of clashes between UN and Katangan forces increased on 5 and 6 September with the mounting of demonstrations--seemingly government inspired--against UN installations and the US Consulate. UN headquarters in Elisabethville, a target of stone-throwing demonstrations, was moved from the center of the city to the outskirts on 6 September. In the provincial parliament, Tshombé's foreign minister implied that Katanga was studying the possibility of using its armed forces against the UN.

The UN reportedly will continue its campaign against Belgian advisers in the Congo proper, and plans the ouster of about 30 Belgians who served as advisors to the defunct Ileo government. It is uncertain whether UN plans call for drastic action against Gizenga's cohorts in Stanleyville. On 30 August the UN began to airlift Malayan troops, complete with armed

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vehicles, to Stanleyville, ostensibly to "quiet unrest." In view of Gizenga's emergence from his isolation, however, the UN may defer action with a view to examining Gizenga's behavior following his return from Belgrade.

A high official of the Union Miniere in Brussels has said that the Katanga government, enraged at Belgium for acquiescing in the UN action against Tshombé, has decided to nationalize Union Miniere and other Belgian companies in Katanga. Ambassador

MacArthur in Brussels comments that such a development could threaten the Lefevre-Spaak coalition government, since it would be held responsible for the loss of Belgian investments. Brussels is also angry over the abrupt manner in which the UN and the Adoula government are handling the dismissal of Belgian advisers to the former central government. Foreign Minister Spaak has protested to Secretary General Hammarskjöld, and if the dismissals continue, the Belgian Government may terminate its technical assistance program.

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BIZERTE

The situation in Bizerte remains tense as French forces continue to strengthen the positions outside the base complex they have held since the ceasefire of 23 July. The American military attaché has in general verified Tunisian charges that circulation within the city has been further impeded by French emplacements of barbed wire and sandbags. Tunisian Defense Minister Ladgham informed the American chargé on 5 September that the local court had been unable to operate that morning because the main entrance to the court had been barred by barbed wire, thereby forcing the judges to use alternate entrances and intimidating persons convoked by the court.

Apparently only firm Tunisian orders to military units within the native section of the city to refrain from shooting prevented an outbreak of hostilities on 5 September when several Tunisians were killed by French paratroopers. Tunisian and French versions of the incident differ. A Tunisian Foreign Ministry spokesman claimed that two Tunisian street cleaners died when a group was fired on as it attempted to work in the vicinity of the governor's headquarters despite barbed-wire entanglements. French authorities in Paris, on the other hand, told the US Embassy that 500 young Tunisians, led by Neo-Destour youths, had attempted to penetrate the barriers around

the native quarter and were repelled by fire hoses. One surrounded French contingent, however, had been "compelled to fire," killing three Tunisians and wounding some 20 others.

De Gaulle's press conference of 5 September gave no indication that Paris was likely to modify its position on Bizerte when it replied to the Tunisian note, delivered late last month through the Swedish Embassy in Paris. The note reiterated that Tunisia would guarantee freedom of movement between components of the French base when France had withdrawn its forces from the city and its environs into the base proper. The Tunisian Government added that it was ready to undertake negotiations at the earliest possible date on the "withdrawal of French forces from all Tunisian territory." Apparently in an effort to facilitate such negotiations, President Bourguiba indicated in a markedly conciliatory radio statement on 6 September that Tunisia probably was prepared to agree to continued French use of the base for several years.

De Gaulle continues to cite the international situation as the reason for French retention of Bizerte. At his press conference on 5 September, he said Bourguiba had appeared to accept this French position regarding the base when he visited France in February.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****FRANCE-ALGERIA**

In his press conference on 5 September, De Gaulle publicly acknowledged that the Saharan population would inevitably opt for attachment to Algeria, and that France's primary interest in the Sahara lay in exploiting its oil and gas resources and in the use of airfields linking France to Black Africa. He implied that Paris is about to establish a "provisional power" to lead Algeria toward self-determination.

officials seem to hope that the PAG may actually acquiesce, at least tacitly, and permit the Moslems selected to serve. The French hope that the PAG will recognize in the committee--which would first prepare the self-determination referendum and later the elections for an Algerian government--the vehicle which could ultimately facilitate the PAG's accession to power.

De Gaulle's apparent concession in regard to sovereignty over the Sahara may convince the PAG that negotiations with France can yet be fruitful even though it falls short of the PAG demand for complete and immediate sovereignty. Many reports over the past months have indicated that once France recognizes Algerian sovereignty over all of the country, the PAG will make important concessions on other issues, such as guarantees for the European minority, economic ties with France, and possibly even French military bases.

Joxe spent several days in Algeria and tentatively selected five Moslem leaders--mostly mayors and deputies--to join a seven-member "administrative committee for Algeria" which could constitute a provisional executive. The French

PAG leaders are taking some pains to point out that the recent reorganization does not represent a basic change in policy, and that Premier Ben Khedda, although admittedly less moderate than Ferhat Abbas, is not a Communist or a Communist

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sympathizer. The new rebel leadership has carefully refrained from closing the door to a negotiated settlement. While Vice Premier Belkacem Krim told Ambassador Walmsley on 30 August that "he would not attempt to conceal" that the new PAG would be more resolute and "better equipped" to wage war, he added that it remained devoted to negotiations as a procedure for ending the war.

The rebel leaders have consistently said they would oppose the creation of any interim Algerian executive whose membership they had not approved. They may now balk at the proposed administrative committee, even if, as now seems unlikely, its authority were to be extended over the Sahara. The PAG reaction would be violent, possibly combined with stepped-up military operations aimed at convincing Paris it cannot be bypassed in any Algerian settlement. It would almost certainly increase terrorist attacks against Moslems who appeared to be cooperating in such an attempt.

On the French side, the emphasis in De Gaulle's press conference and elsewhere on a provisional executive will be seized on by his opponents of all political shades as proof that his self-determination policy has failed. In particular, his rightist opponents in Algeria and France and in the army can be expected to react violently, and the clandestine Secret Army Organization (OAS), under ex-General Salan, may try to advance its "timetable" for a coup attempt.

Extremists are eager to exploit the unrest of farm elements aroused over the government's refusal to concede further relief in the current special parliamentary sessions, and new outbreaks of farmer violence are anticipated in late September. Premier Debré told Ambassador Gavin on 4 September that there is no solution that will keep the farmers satisfied at this time and that their dissatisfaction could even become revolutionary in nature and may cause them to ally themselves to extreme right or extreme left. Debré is confident, however, that the government can deal with any disorders that occur this fall.

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TURKEY

The Committee of National Union (CNU) has canceled leaves of all military personnel until after the 15 October elections apparently in preparation for any violent reaction to the announcement on 15 September of the sentences imposed on former Premier Menderes and his principal colleagues. It may be that the first news the public will hear of the sentences is the announcement that Menderes and some of his associates have been executed.

Martial law will continue until after elections. President Gursel made it clear to representatives of political parties on 5 September that the restrictions on discussion of the Menderes era and of the justification of the May 1960 coup will be continued during the election campaign.

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The CNU particularly objects to any of the smaller parties' appealing to the supporters of Menderes' outlawed Democratic party. On 1 September, Aydin Yalcin, an official of the New Turkey party and a prominent intellectual, was arrested in Izmir for saying that the Menderes era was a "golden age" for that city. Retired General Ragip Gumuspa has been subjected to stern warnings and an investigation by the public prosecutor because his Justice party has appealed to the former Democrats for support.

Ismet Inonu's Republican People's party (RPP), Turkey's best hope for stability after the return to civilian rule, faces serious problems. It has lost popularity during the peri-

od of military rule and recently has sought--not very effectively--to dissociate itself from the actions of the CNU regime. Some RPP leaders are reported to have considered a public appeal for clemency for Menderes and his associates.

The civilian House of Representatives, which includes more members of the RPP than of any other party, succeeded in getting the CNU to agree to adjournment on 4 September despite the fact that the Constituent Assembly, which consists of both bodies, had not passed the unpopular reform legislation which the CNU had championed. The CNU program is so stringent that it would probably be better passed under a military regime than by a civilian government dependent on a parliamentary majority. The RPP, however, did not wish to enter an election campaign bearing the onus of having gone along with such legislation.

Led by the 77-year-old Inonu, the RPP lacks impressive younger leaders acceptable to the party as a whole. Many younger intellectuals feel that the reform program of the RPP's founder, Kemal Ataturk, has lost effectiveness and appeal in the hands of the RPP's present prosaic leadership. Businessmen recall the RPP's unimpressive economic record when it was in power prior to 1950, while Turkey's minority voters, of some consequence in Istanbul and Izmir, have not forgotten the party's stern measures against the minorities. The peasants and other religious-minded individuals also dislike the militantly secularist RPP. Proportional representation--called for in the new constitution--will be disadvantageous for the RPP, and an uneasy coalition government is a distinct possibility.

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AFGHAN-PAKISTANI RELATIONS

Afghan-Pakistani diplomatic relations were formally broken off by Kabul on 6 September in retaliation for Pakistan's decision in late August to close Afghanistan's consulates and trade offices in Pakistan. The move follows a year of increasing tension over the long-standing Pushtoonistan dispute.

Since the trade offices handled much of the paper work for Afghan trade crossing Pakistan, Kabul is convinced that its trade links with the free world are threatened. Commercial shipments have been unable to obtain documentation since Pakistan announced its decision on 23 August, but some US aid shipments have gone through. About half of Afghanistan's trade is with the Communist bloc and will be unaffected. Some of the international trade usually shipped via Karachi, however, may be diverted through the USSR. Little of the free-world trade now uses the Soviet transit route.

Both countries apparently have alerted their troops along the border against a possible attack. Pakistan has sent 1,500 additional troops from Peshawar to a border valley south of the Khyber Pass.

Pakistan's closure of Afghan consulates and trade offices seems almost certain to compli-

cate the logistics for American aid programs in Afghanistan, and Afghan leaders believe that President Ayub must have consult-



ed with the United States first. Although Kabul may still hope that the United States can somehow ease the situation, it will probably feel compelled to move closer to Moscow, at least for the time being.

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SINO-SOVIET ECONOMIC ACTIVITY IN YEMEN

Soviet economic activity in Yemen, confined largely to trade promotion since the completion of Al-Hudaydah port last March, apparently will soon focus on another aid project--the road from the port to Taizz. Soviet engineers are surveying the route, an agreement for building the road reportedly has been initialed, and Moscow is building some 600 houses around Al-Hudaydah. In addition, the USSR has submitted a number of attractive trade and aid offers to the Yemeni Government. The Chinese Communists have almost completed the 127-mile road they began in 1958 from Al-Hudaydah to Sana.

Making use of the Soviet-built port and harbor facilities at Al-Hudaydah and the Chinese-built inland road to Sana--traditionally Yemen's chief commercial center--the bloc has pushed hard to develop its trade with Yemen. The bloc is taking about half the country's coffee exports and has offered to take a large part of its cotton in exchange for Soviet oil. Bloc cement, sugar, flour, textiles, and light industrial products are increasingly evident since the completion of the port opened Yemen to regular calls by Communist ships. Yemeni merchants, many of whom have profited from these developments, are apparently eager to maintain their ties with the bloc and willing to drop their traditional commerce with the West via land routes from Aden.

To encourage this trend, the bloc has concentrated its efforts on developing Yemeni transport networks. More than half of the \$43,000,000 in Soviet and Chinese aid extended to Yemen is already being used

for transportation facilities, including port, road, and airfield improvements, and a new credit for the road to Taizz may be in the offing. Last April the USSR offered to provide trucks and buses, financed by long-term credits, for a new transportation company which will use the road. Moscow also suggested it organize and manage a Yemeni airline using Soviet technicians and IL-14 transport aircraft and helicopters already provided, but this offer has been rejected.

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agreement has been signed for 75 Soviet technicians to manage the port operations in Al-Hudaydah during the next two years.

Peiping has offered a number of light industrial plants, and is surveying for a textile factory at Sana. Yemen today is completely dependent on imported textiles, and this plant is likely to reap as much propaganda for the Chinese as did their road-building efforts.

The vigor and relative efficiency with which the bloc has pursued its aid projects in Yemen--epitomized by Peiping's decision to bring in Chinese labor when its road construction was hamstrung by local Yemenis--have won a foothold for the bloc in one of the most backward areas of the world. The bloc's demonstrated ability to "get things done in a hurry," often in spite of Yemeni officialdom, has given the Communists prestige and influence in Yemen, particularly during the last nine months. This position is likely to be further strengthened by the new bloc offers of assistance.

(Prepared by ORR)

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****DISEASE IN COMMUNIST CHINA**

Cholera has reached epidemic proportions in Communist China's southern province of Kwangtung, and tuberculosis and bacillary dysentery are reliably reported to have increased in other parts of the Chinese mainland. These outbreaks are likely to take a heavy toll of lives, affect production, and further strain the administrative apparatus of the state.

The public health crisis was precipitated primarily by food shortages over the past two years, which have markedly lowered resistance to disease. As late as June and July, when the early vegetable crops should have alleviated the situation, there were reports of continuing malnutrition.

Corollary factors have been a partial breakdown in sanitation procedures and an acute shortage of medicine--both Western-type compounds and traditional Chinese herb medicines.

The shortage of gasoline prevented normal pickups of trash and waste (few dwellings are equipped with plumbing), and as a consequence the people used the streets as a dumping ground.

The incidence of communicable disease began to rise about July, probably because sanitation worsened with the summer heat. However, the only disease known to have reached epidemic proportions thus far is cholera. The first cases apparently appeared in early July.

A mass immunization campaign was under way in Canton and other parts of Kwangtung Province by mid-July. Inspection teams were established in restaurants and other public places to make certain that inhabitants had valid vaccination certificates.

Certain areas were apparently quarantined: bus and ferry service from Canton to the southwest was suspended by mid-July and had not been re-established by mid-August.

There are no statistics available on mortality rates. Some villages southwest of Canton have allegedly been razed to check the spread of the disease.

The Communists have reacted with extreme sensitivity to foreign reports of the epidemic. They ignored these accounts at first and then began to publish references to the outbreak in Hong Kong and Macao. These stated they were taking all necessary precautions to keep it from spreading to the mainland. Actually the first case of cholera did not appear in Macao until 12 August or in Hong Kong until 16 August, a month after the outbreaks on the mainland.

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On 29 August Peiping announced that it had recently discovered a few cases of "paracholera" in Kwangtung--cholera itself had been "wiped out" five years ago. The "paracholera" had been brought fully under control, it was asserted. Along with this admission, the Commu-

nist press began to publicize medical exploits of the Chinese public health service. On 3 September, however, in a cable to the International Red Cross, Peiping admitted a cholera outbreak had occurred, but asserted that the disease was under control. [redacted] (Concurred in by OSI) 25X1

AGRICULTURAL PROBLEMS IN NORTH VIETNAM

Prospects for the important October-November rice harvest are causing concern in North Vietnam. Recent press statements have acknowledged that field work is behind schedule in many areas. Transplanting of rice, for example, has been delayed by the abnormally dry conditions which prevailed over much of the country during July and August.

Inefficiency on the part of the newly organized cooperatives is apparently an added complication; Hanoi has complained that even in those areas with sufficient water, the transplanting has not been carried out, "leaving seedlings to wither." Failure to keep irrigation systems in good working order has reportedly expanded the area affected by drought. Application of fertilizer has fallen far behind plan, and a shortage of seedlings had added to this season's abnormal planting conditions.

In line with the effort to make farm managers the scapegoats for any crop shortages, the party daily Nhan Dan has charged that the cooperatives failed to draw up plans for the autumn harvest, to fight the drought, to employ and organize labor properly, or to keep account books in good order. The authorities charge that the continuing food shortages--despite the claim of a "highly success-

ful" spring harvest--result from inept distribution by the cooperatives, stating that "most of harvested paddy is still kept in cooperative stores." Much of this rice now is reportedly deteriorating under improper storage conditions.

Widespread food shortages last winter were temporarily eased by the rice and vegetable harvests last spring. Under normal conditions, however, the early harvest is sufficient only to carry the population through the summer until the autumn harvest, which is usually twice the size of the spring crop. If the cooperatives are indeed holding back rice, the food supply this summer is probably quite tight. [redacted] 25X1

The regime needs a better-than-average harvest this fall to rebuild depleted food stocks, improve near-subsistence diets, and obtain adequate surpluses for export. If growing conditions remain abnormal through this month, the effect on the October-November crop will create serious food problems for the regime next winter. [redacted] (Prepared by ORR) 25X1

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IRELAND

The general elections expected next month--and mandatory by March 1962--will test the Irish public's reaction to the significant political and economic changes in the two years since Sean Lemass succeeded Eamon de Valera as prime minister and leader of the Fianna Fail. The long-stagnant economy is growing, and Dublin's application for membership in the European Economic Community and vigorous support of UN activities are lessening its international isolation.

While Ireland began to participate more actively in international affairs in 1955, when it was admitted to the UN, Lemass has pushed this trend further and has fully supported Foreign Minister Aiken's position that small nations should use the UN to influence the great powers, even if they must sometimes adopt positions which diverge sharply from those of other Western nations. For the past several years, for example, Ireland has pressed for full assembly debate on the Chinese representation issue.

Dublin's search for closer ties with Northern Ireland marks a definite departure from De Valera's implacable attitude on the partition issue. Lemass has continually taken the initiative in pressing for an amicable accommodation with the northern neighbor, and the American Embassy in Dublin reports that the Northern Ireland

Government is on the defensive for the first time since the island was partitioned.

The decision to apply for full membership in the Common Market is the most significant step in the trend away from neutrality, even though Ireland's economic dependence on Britain gives it little option but to follow London's lead; some 75 percent of its exports, mainly agricultural items, go to British markets. Dublin has shown few of the qualms of Sweden, Switzerland, or Austria about becoming entangled in an arrangement with heavy political significance. The Irish do not, however, appear ready to consider completely abandoning neutrality by joining NATO.

In the election campaign, Lemass' Fianna Fail will probably put most emphasis on the success of the five-year economic expansion program adopted in 1959. Gross national product has risen 10 percent in two years--as compared with an annual rate of one percent in the 1949-59 period--and industrial production has increased 7 percent as new light industries have attracted more foreign investment. The leaders of both the major opposition Fine Gael and the small Labor party have privately conceded that the Fianna Fail will again emerge as the largest single party.

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SPECIAL ARTICLES

CHINESE REPRESENTATION IN THE UNITED NATIONS

Most UN members believe that the proposal for a moratorium on discussion of the issue of Chinese representation in the UN is doomed if introduced at the 16th UN General Assembly session, opening on 19 September. Many UN members have been casting about for some formula which would keep Nationalist China in the United Nations at least for another year. The ideas suggested by these members are primarily, like the moratorium, tactics designed to delay a final UN decision on the issue.

The Moratorium

At each of its past ten sessions, the General Assembly has put off consideration of the Chinese representation question by a procedural vote requiring only a simple majority. In the first five sessions, more than two thirds of those present and voting supported the moratorium. Since 1956, however, as new UN members have joined, mostly from Asia and Africa, the moratorium has mustered only a simple majority. Last October's margin, with 42 for the moratorium, 34 opposed, and 22 abstaining, was the smallest to date. Some estimates for the moratorium this fall show even less than 40 supporters. Some UN members, therefore, are considering what can be done at this assembly to assure Taipei's membership for at least this year.

Proposed Tactics

One tactic under discussion would be to have the General Assembly decide that a change in the representation of

China is an "important question" requiring a two-thirds majority vote under Article 18 of the Charter. This article establishes specific categories of issues which require a two-thirds majority vote, and provides that additional categories of "important questions" can be established by a simple majority. The primary advantage in having the question subject to a two-thirds majority is that, while Taipei at present cannot muster such a majority, neither can Peiping.

Such a tactic must be confined to proposals which are phrased as an issue of ousting Taipei or admitting Peiping, rather than a question of which delegation's credentials are valid. The General Assembly passes on credentials each year by a simple majority vote. British Foreign Office officials have long maintained that the issue legally is one of credentials, but London, while favoring admission of Communist China, also is interested in finding some means of keeping Taipei in the UN.

Study Committee

Another suggestion for handling the Chinese representation

MORATORIUM ON CHINESE UN REPRESENTATION
VOTES OF UN MEMBERS

	FOR	AGAINST	ABSTENTIONS	VOTES NOT RECORDED	TOTAL MEMBERSHIP
1951	37	11	4	8	60
1952	42	7	11	--	60
1953	44	10	2	4	60
1954	43	11	6	--	60
1955	42	12	6	--	60
1956	47	24	8	--	79
1957	48	27	6	1	82
1958	44	28	9	--	81
1959	44	29	9	--	82
1960	42	34	22	1	99

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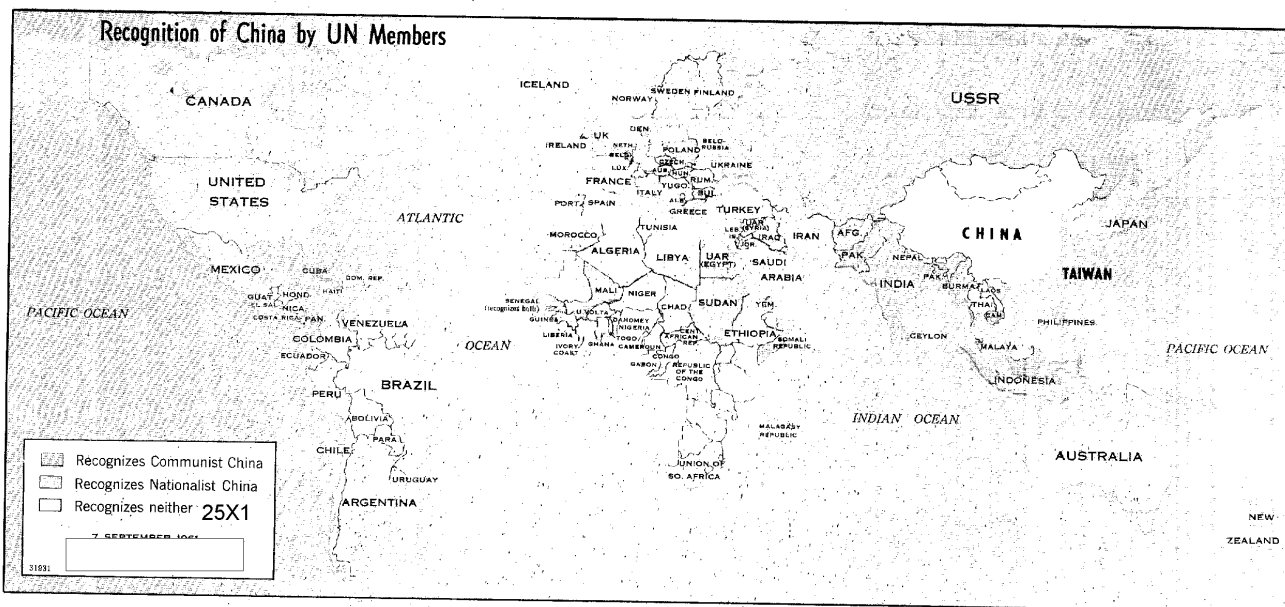
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issue is the formation of a UN study committee under General Assembly jurisdiction. Swedish UN delegates were reportedly soliciting support in early July for a proposal setting up such a committee to study the "whole question of Chinese UN representation." The committee would be asked to report its findings to next year's General Assembly session.

The United States would add to the committee's terms of reference a request to study the broader problems of criteria for UN membership and the composition and enlargement of such UN bodies as the Security Council and the Economic and Social Council.

While the idea of a study committee is not new--Belgium privately made such a suggestion in 1955--revival of the proposal at a time when Taipei's position in the UN is precarious probably indicates that there will be considerable

support, particularly since the proposal comes from Sweden, which has consistently opposed the moratorium. If successful, such a maneuver would put off Peiping's admission for at least a year.

Introduction of either or both of these tactics would ensure a full General Assembly debate on the issue of Chinese representation this fall. Although the moratorium was designed to prevent debate on the substance of the issue, considerable discussion has taken place in the past few years, and Peiping's supporters have become more vocal. Full-scale debate will afford such countries as Ireland, which oppose the moratorium but do not necessarily support the admission of Peiping, an opportunity to state their views. Other UN members such as Britain and Pakistan which recognize Peiping and favor its admission will probably emphasize that Peiping's admission should not be accomplished

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at the expense of Taipei's expulsion or UN endorsement of Communist China's claim to Taiwan.

Two-Chinas Concept

Some UN members continue to cling to the idea of having both Peiping and Taipei represented in the United Nations, despite the adamant opposition of both countries to the suggestion. These members would support any delaying tactic in the hope that with the passage of time, some version of the two-Chinas concept would prove acceptable. They argue that even though Peiping's admission might be inevitable, the Republic of China as a charter member should not be ousted. However, none of those members has yet devised a formula that avoids the stigma of the two-Chinas concept.

Problem of Mongolia's Admission

The success of any tactic depends to a large extent on whether Taipei is willing to forego its veto right over the admission of Mongolia to the UN. The USSR has announced it will veto Mauritania's application unless Mongolia is admitted, and the African states in turn have served notice that in such an eventuality they will hold Washington and Taipei, rather than Moscow, responsible.

The problem of Mauritania's admission is further complicated by the opposition of Morocco, which claims Mauritania. Rabat's claim is supported by the Arab League and some of the Casablanca powers, and the UAR, a member of both groupings, currently sits on the Security Council.

The reaction of the African states, and particularly the 12 generally pro-Western former French African nations, will be equally adverse whether Mongolia's application is vetoed or fails to win the necessary seven votes in the Security Council. In either case, they will feel the United States approved the veto or organized the necessary abstentions. The French African states have threatened to oppose Taipei and the United States on important issues if Mauritania's bid for membership fails, and their voice could well be decisive in any vote on the Chinese representation issue. According to the US ambassador to Gabon, they may react if defeated like "the proverbial woman scorned."

Many of the independent African states now recognize neither China. Their retaliation could extend outside the UN to include recognition of Peiping and termination of such relations as do exist with Taipei.

Nationalist China, although aware of these threats, seems determined to prevent the admission of Mongolia, which it considers part of China. In 1955, despite numerous representations from its Western allies, Taipei vetoed Mongolia's admission, thereby precipitating the Soviet veto of Japan and causing considerable resentment among UN members.

A Security Council meeting on membership applications will probably take place shortly before the opening of the General Assembly. Should Taipei insist on vetoing Mongolia--as is likely--the resultant anger and resentment of the African and other UN members could well make academic any attempt to keep Taipei in the General Assembly.

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RECENT DEVELOPMENTS IN THE UAR ECONOMY

On 23 July, the ninth anniversary of Egypt's revolution, President Nasir issued a number of decrees which constituted the most sweeping measures yet taken toward establishing a socialist economic system in the United Arab Republic. The decrees provided for the nationalization of all banks and insurance companies and of specified companies of a "national character"--mainly transport, timber, cement, land and hotel, and some chemical and fertilizer enterprises. In addition, the government will have capital participation with a minimum of 50 percent of the shares in 91 companies in both regions of the UAR, principally in the fields of general contracting, tobacco, cotton ginning, textiles, and other manufacturing.

Individuals are permitted a \$29,999 maximum capital participation in any one or all of 159 specified companies. Labor is to have 25 percent of the profits of all companies--10 percent as bonuses and 15 percent for social services. Board chairmen, company directors, and other officers are to receive no more than about \$14,000 annually, and at least two of the maximum of seven directors allowed companies are to be elected as workers' representatives. Incomes in excess of \$29,999 are to be subject to a 90-percent income tax. Owners of nationalized and partly nationalized properties will receive state bonds redeemable in 15 years at 4-percent annual interest.

Even before these decrees, the socialization program in Egypt had moved forward substantially. In June and early July the government brought under its control all cotton exports and all imports. The regime's motives in taking over the cotton trade differ somewhat from those behind other nationalization decrees. The move was aimed at reducing excessive dependence on the Soviet bloc and, in addition, at obtaining foreign exchange from sales to the West in order to purchase raw materials and machinery badly needed for the industrialization program.

Planners must have been aware that, at least initially, these new decrees would have a depressing effect on the private sector of the economy, already in the doldrums as a result of earlier decrees and anticipation of further nationalization. However, the government was unwilling to provide the necessary profit incentives needed to win the support of private businessmen for its ambitious development program. In earlier speeches Nasir signaled his most recent decrees by pointing to capitalist groups as "greedy exploiters" of the people.

Despite an initial slowdown, the nationalization decrees are not expected to have a long-term depressing effect. Their short-run impact

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will nevertheless be serious, particularly since the resulting economic dislocations come at a time when the UAR's foreign-exchange position is strained and a reduced income from cotton exports is probable.

Foreign-Exchange Shortage

Egypt's major problems will continue to revolve around a chronic foreign-exchange shortage and an annual need for about \$200,000,000 in foreign aid. Slow cotton sales this year have made the foreign-exchange shortage more acute than usual. In the first six months of 1961, foreign-exchange holdings--exclusive of monetary gold--dropped from about \$84,000,000 to about \$47,000,000. The trend since early June has been downward, and the government in late June was forced to ask the International Monetary Fund for the equivalent of a \$10,000,000 loan.

Prospects are not especially bright for a substantial upturn in the last quarter of the year. Cotton sales in late July were down more than 15 percent under last year's. This decline largely reflects the government's abandonment of substantial discounts for sales to Western countries--a move which has had the effect of pricing Egypt's cotton out of the market. Thus, in terms of foreign-exchange earnings, the situation is even more serious. Exports to the USSR, however, increased about 25 percent.

A recurrence of Egypt's annual first-of-the-year foreign-exchange crisis can be expected, since heavy payments come due in January to former owners of the Suez Canal and to the Sudan incidental to the Nile Waters Agreement.

The Production Battle

From Nasir's standpoint, the basic bright spot in the economic picture is that Egypt is continuing to win--although by a very slim margin--its battle to keep production growing at a pace greater than the increase in population. Per capita gross national product (GNP), which increased slightly in both 1959 and 1960, probably will again rise. However, the performance of the agricultural sector is critical, and the full impact of the devastation caused by a cotton-leaf-worm attack has not yet been assessed. If losses are sizable, per capita GNP may actually decrease slightly.

Although rapid strides have been made in industry, the most important component of the GNP is still agriculture, accounting for about 30 percent of the total. Since only a 3-percent increase in agricultural output was expected this year, a slight drop would have a much magnified effect. In addition, a lower-than-average flow of the Nile was indicated earlier this year, and the government ordered

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a one-third reduction in rice acreage compared with last year. This action highlights the weakness of Egyptian agriculture, which must await the availability of more water from the Aswan High Dam before any appreciable increases in output can be expected.

The value of industrial output in 1961 will almost certainly reach last year's 12-percent rate of increase and may do much better. The government's long-delayed industrial projects should show a higher completion rate than last year. However, the performance of the economy as a whole is certain to fall far behind the ambitious goal set by the Five-Year Plan (1960-65).

Longer Term Prospects

Since 1959 the Egyptian region has been making impressive over-all economic progress. The rate of investment in 1959 and 1960 was about 15 percent, which resulted in a growth in GNP of about 5 percent. Investment this year is almost certain to be higher, but earlier estimates that GNP would increase about 6 percent may prove to have been somewhat high, in view of the expected shortfall in agriculture.

However, Egypt's Five-Year Plan goals of achieving

an investment rate of 20 percent and an annual rate of GNP growth of 8 percent by 1965 appear unattainable. An average rate of investment of 16 percent during the period does appear possible, although somewhat optimistic. Given this rate of investment, GNP could be expected to increase 30 percent by 1965.

With the issuance of the recent economic decrees, President Nasir has carried out at least the socialistic phase of his "socialistic, democratic, cooperative society." These fundamental changes all but wipe out the entrepreneur class; the new elite group is confined almost solely to the military and to managers of the government and government-owned enterprises.

The regime claims that it is motivated by a desire to establish social justice and eliminate oppression and the barriers of class distinction. While these goals are probably a major part of the motivation, it appears likely that the UAR's planners are also concerned by the inability or unwillingness of the private sector to produce at or near the rates called for by the economic plans. Since it has been apparent that Nasir was opposed to providing additional incentives to the "exploiting class," there has been little alternative to nationalization and ever-tighter control from the top.

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MOSCOW'S WAR AGAINST CRIME

The Kremlin has recently introduced some of the harshest punitive measures since the days of Stalin in an effort to stop economic crimes and corruption. The campaign appears to have resulted from the findings of the January central committee plenum, where Khrushchev's bitter attack on mismanagement in agriculture touched off a continuing purge of embezzlers, misappropriators of public property, and "hoodwinkers" who falsify production reports. Party investigations both prior to and following the plenum revealed that economic crimes are considerably more widespread and serious than Moscow had realized.

The actual incidence of crime cannot be judged with any accuracy. The Soviets have consistently claimed that crime is a "remnant of capitalism" manifested by an ever-decreasing number of people. In order to maintain this and the related fiction that the conditions which breed crime have been almost entirely eliminated, they publish no crime statistics. Nevertheless, press propaganda has furnished ample evidence that lawbreaking is a common occurrence and that after 43 years of Soviet collectivism, the instinct to acquire private property is as tenacious as ever.

Types of Economic Crimes

Illicit currency transactions are particularly appealing to lawbreakers because of the high profits to be realized. Many Western visitors to Moscow have reported the existence of

a flourishing black market in foreign currency, on which money can be exchanged at a rate as high as 50 rubles to the dollar. In some instances, the dollars thus acquired are resold to Soviet citizens planning trips abroad.

The most notorious of such cases involved a black bourse in Moscow which "in a comparatively short time" amassed and resold foreign currency and gold coins valued at 20,000,000 rubles. Other instances include a "millionaire speculator" in Brest and a man who used the services of relatives living abroad to smuggle "hundreds of thousands of dollars" into the country. One article even alleged that currency speculators have become so brazen that they place orders for Czarist gold coins with reputable foreign dealers.

Speculation in foreign goods appears to be rife in Soviet seaports and other cities where foreign visitors are numerous; clothes of any description are greatly in demand. On 10 May, for example, *Izvestia* claimed that Soviet "businessmen" in Novorossisk regularly purchased for resale the secondhand clothing of foreign sailors. Tourists in Moscow are likewise approached by "dealers" who offer to purchase any article of clothing.

Embezzlement of goods and funds and misappropriation of public lands are increasingly serious problems. Party and government officials at the lower levels have long been the principal malefactors. A certain

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amount of graft has always been expected and tolerated, as long as production plans have been fulfilled. Investigations of hoodwinking, however, not only showed that a great many managers were padding their production reports but also revealed the extent to which the regime is daily cheated by the officials on whom it depends to supervise the execution of state policy.

Examples cited by the press include three collective farm chairmen who, respectively, pocketed 67,000, 127,000, and 175,000 rubles of the state's money. Another official was apprehended for using state funds to build himself a dacha valued at 432,000 rubles and then spending another 100,000 to furnish it; many others have been called to account for similarly misusing construction materials. In Azerbaydzhan, the press recently complained that privately owned livestock had increased 34 percent, whereas public herds had grown only 7 percent, and a Turkmen party meeting learned in May that last year alone there had been 7,756 instances of "plundering" of public land in the republic.

Additionally, petty theft of all kinds appears widespread. Illustrating the prevalence of what it calls the "criminal mentality" in the Moscow area, the US Embassy has reported that 77,000 trolley tickets are stolen each day in the Soviet capital, with a resulting annual loss to the government of more than 3,000,000 rubles. Some 1,125 of Moscow's 8,600 coin-operated telephone booths were out of order at one time as a result of having been jimmed open and pilfered, for the most part by juveniles.

Perhaps the best measure of the pervasiveness of crime was provided by a district party secretary who had been taken to task for tolerating hoodwinking in his district. He defended himself with the remark, "If all those who are guilty were punished, there would be no one left with whom to work."

The damage to the economy caused by criminal activities such as these may well deprive the state of hundred of millions of rubles each year. The state not only loses revenue, but there is also a considerable loss of labor. Moreover, allowing criminal activities to go unpunished constitutes an open invitation for others to join in. The Kremlin has obviously been dismayed by the revelation of how far this process has already gone.

Official Countermeasures

By February, the regime had decided to launch a double-barreled offensive of legislative measures accompanied by increasingly vitriolic anti-crime propaganda. One of the first signs of the impending crackdown appeared in the party's theoretical journal Kommunist in an article by Nikolay Mironov, a former high-ranking secret police officer who now heads the central committee's administrative organs department--responsible inter alia for court and police matters. Mironov criticized the leniency of public organizations (comrades' courts and volunteer police) dealing with lawbreakers, and at the same time he claimed that some court and police organs had regarded the formation of these bodies as an excuse to relax. This theme was to be

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repeated often in the months following.

At the same time, press propaganda against "spongers" who speculate in foreign currency began to appear, and on 24 February the Kremlin increased the punishment for violation of currency regulations and for the concealment of state crimes, including smuggling. Four weeks later the punishment for these crimes was further stiffened. The penalty for second offenders was raised to imprisonment for 5 to 15 years and confiscation of property. In the first crackdown on the currency black market, the same penalty was extended to those who speculate "in currency or valuables as a trade or in large amounts."

In the interim, the number of agricultural officials who lost their jobs and were expelled from the party for hoodwinking the state increased steadily.

None of these measures appeared to achieve the desired effect, however, and in late April it again fell to Mironov to sound the warning. Writing in the legal journal Soviet State and Law, Mironov said that the struggle against criminals required even stricter applications of compulsion, and asserted that the "withering away" of the state's police agencies would be very slow and gradual indeed.

A week later, the campaign against crime went into high gear. On 4 May, the Russian Republic (RSFSR) decreed two to five years of exile and compulsory labor for those who

refuse to engage in socially useful work. Similar "anti-parasite" laws had gone into effect in most other republics as early as 1957. With the passage of a similar decree in the Ukraine, "parasite" legislation became effective throughout the union.

The next day, the Kremlin promulgated a harsh catch-all decree providing the death sentence for large-scale embezzlement and counterfeiting, for especially dangerous "repeater" criminals, and for labor camp inmates who terrorize other prisoners or guards. The new law was accompanied by a blistering attack on crime by Soviet Prosecutor General Roman Rudenko, who wrote in Izvestia that it had become "completely obvious that present measures against especially dangerous criminals are insufficient." In bold-faced print, the article stated flatly that embezzlers and "repeaters" should be shot.

Moonshiners and their customers were next in line: prison terms and fines for these activities were increased on 8 May, along with a reminder in the press that illicit distilling caused losses of beets, sugar, and potatoes in amounts "having considerable significance for the satisfaction of the needs of the people." On 24 May, hoodwinking was declared a crime, and up to three years' imprisonment was decreed for those padding production reports or otherwise falsifying plan fulfillment data. Several weeks later the death sentence was extended to cover currency speculation.

Responsibility for enforcing the new death decrees has

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been assigned to the Committee of State Security (KGB), which has exclusive authority to investigate "especially dangerous crimes against the state." Heretofore only treason, espionage, sabotage, and related activities were classed as "especially dangerous." The broadened jurisdiction of the secret police was further specified in a decree of 21 June adding nine crimes to the list of those normally coming within the purview of the KGB; the new list included smuggling of contraband and violation of currency regulations.

Even before the publication of the law, the KGB had publicly announced the arrests of several currency speculators, including the black-market ring operating in Moscow. The two ringleaders received stiff prison sentences, but on an appeal by Rudenko against the "leniency" of the sentences, they were retried in late July and consigned to the firing squad. The death decree was invoked again on 16 August against three men with previous prison records who "stormed" a police station while drunk.

Certainly the decision to give the secret police new authority was in part intended to frighten those contemplating the commission of crimes. There are, however, indications that the move was also influenced by high-level dissatisfaction with the work being performed by the civil police (militia) and the volunteer people's guards. Both Rudenko and Mironov have complained publicly about the laxity of the militia. Other writers have often voiced similar complaints, and it has been claimed that lawlessness flourished openly in Kuybyshev

and Minsk. The most recent move to remedy the situation appears to have been the replacement of Nikolay Stakhanov, who as RSFSR internal affairs minister was charged with supervising the largest militia force in the country. He was succeeded by Vadim Tikunov, formerly a deputy chairman of the KGB.

Cognizance has also been taken of the fact that poor control over plan fulfillment has made it easier to hoodwink the state. As presidium candidate A. P. Kirilenko put it, the lack of adequate controls created an atmosphere in which managers could "sing hallelujah" on their production reports. In order to render this practice still more difficult, the government on 22 July reorganized the Commission of Soviet Control. This body, a kind of economic police force charged with enforcing labor discipline and strict fulfillment of production tasks assigned from Moscow, now has become the State Control Commission and presumably has a strengthened mandate to get tough with anyone whose performance is not up to the mark.

Effects of the Campaign

Despite the severity of the crackdown, there has as yet been no discernible decrease in the rate of crime; neither has Kremlin propaganda been able to spark any great public upsurge of anticriminal sentiment. The campaign thus far seems to have achieved few, if any, of the effects Moscow is seeking. More than anything else, it has served to reveal the nature and extent of criminality in the

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Soviet Union, to demonstrate the falsity of some sacrosanct propaganda tenets, and to expose at least a few of the Kremlin's apprehensions and sensitivities about crime and the measures taken to eliminate it.

Clearly the Soviets can no longer claim that crime is a vanishing phenomenon in their society. The whole pattern of the drive against crime constitutes tacit admission that the USSR is plagued by the very ills which it asserts can arise only from the evils of capitalism. The regime has also failed to foster a universally accepted Communist morality and to raise the "new Communist man" in whom all traces of "bourgeois psychology" have been eradicated. Indeed, recent propaganda has strong undertones of concern that crime is highly contagious; while the press has characterized criminals as "moral freaks who comprise only a microscopic portion of the population," it has added that these people are nevertheless able to influence "insufficiently stable" citizens.

On several occasions, both the central press and the radio have felt constrained to assert that the new measures against crime enjoy the "warm support" of the entire Soviet people. The first of such commentaries on the death decrees was broadcast to foreign audiences, suggesting regime concern that enactment of the law had placed a propaganda weapon in the hands of the West. The decision to put embezzlers and speculators to death and the strident cries for still more punitive measures must have aroused memories of Stalin's police terror at home as well.

Revelations of the wide extent of crime also had an ad-

verse effect on public confidence. In June an investigation of morale in a Ukrainian region where a collective farm chairman--a "Hero of Soviet Labor"--had been "unmasked" as a hoodwinker revealed that people were beginning to ask, "Could it be that 'Heroes' in other places are made the same way?" A Ukrainian newspaper commented: "A most terrible thing has happened. Faith in heroism, in selflessness, and in great deeds has been shaken, and the very idea of socialist competition has been defiled and trampled in the mud."

The campaign shows no sign of abating. On the contrary, there are indications that it may soon be extended to cover any form of activity by private entrepreneurs; Pravda has already called for a broadened struggle against "all those who put the brakes on progress toward Communism." Among the targets suggested by the paper are private producers and sellers of flowers, those who sell fruit raised on private land, and vendors of milk from personally owned cows. It was even suggested that "dupes of religion" be included. Whether or not legal measures are taken against these people, a general intensification of the drive is likely as Khrushchev seeks to plug all loopholes in the Soviet economy prior to the 22nd party congress in October.

Furthermore, the existence of crime will become increasingly intolerable in the light of Khrushchev's assertions that Communism is now being built. He will continue, both by education and by force, to seek to make his subjects abide by the dictates of "Communist morality," and thus try to make his own propaganda come true.

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